Royalty on Crude Oil

959. DR. ARUN KUMAR SARMA: Will the Minister of PETROLUEM AND NATURAL GAS be pleased to state:

(a) the actual share of total value of crude oil received by concerned States as royalty;

(b) the present rate and formula of royalty in vogue;

(c) the details of proposals of oil producing States for revision of existing formula for revision of royalty based on international price;

(d) reaction of Government on those proposals and when such a new formula is proposed to be finalised; and

(e) the last date on which royalty fixed and next due date?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI E. PONNUSWAMY): (a) to (e) Royalty on crude oil is payable at specified rates fixed by the Central Government from time to time pursuant to the provisions of Oil Fields (Regulation and Development) Act (ORDA-1948) and the Petroleum and Natural Gas Rules, 1959. As per provisions of ORDA, 1948, royalty on crude oil and natural gas can not exceed 20% of the selling price at wellhead. According to the earlier Scheme evolved by Central Government in consultation with State Governments, royalty was worked out at 20% of selling price. Selling price was taken as weighted average cost of production of crude oil plus 15% return on capital employed plus cess of Rs. 900/MT. Thus for the period 1993-^98, royalty share was 20% of the crude oil price excluding royalty. The last formally notified rate of royalty was Rs. 481/MT w.e.f. 1.4.90. This rate was provisionally revised to Rs. 528/MT for period 1.4.93 to 31.3.96 and has since been revised provisionally to Rs. 539.80/MT. The Government had further fixed "on account" rate of royalty at Rs. 578/MT for period 1.4.96 to 31.3.98. Final rates for these periods, *i.e.* 1993—96 and 1996—98, will be notified on receipt of audited cost figures from Comptroller and Auditor General (C&AG) for working out final crude oil prices.

The above Scheme was applicable till 31.3.98. In the meantime, some of the oil producing States had been seeking revision of the

existing royalty rate by linking the royalty amount to international price of crude oil. The State Government had also been requesting for more frequent revision of royalty amount. In response to these proposals of State Government and also the dismantling of administered pricing system, abolition of cost pricing of crude oil and introduction of international rates as the gradual basis for pricing of indigenous crude oil, it became necessary to evolve a new Scheme of royalty. Government has initiated requisite steps to evolve this Scheme which will be done in consultation with all concerned, including the State Governments, as early as possible. Pending introduction of the new Scheme, both State Governments and Central Government, were being paid royalty provisionally at Rs. 578/MT with effect from 1.4.98. This provisional rate has since been enhanced on 1.12.1999 to Rs, 750/MT or 20% of well-head value of crude oil, whichever is lower, with effect from June, 1999 onwards.

Consumption of Petroleum Products and Natural Gas

†960. SHRI ONKAR SINGH LAKHAWAT: Will the Minister of PETROLUEM AND NATURAL GAS be pleased to state:

(a) the annual quantity of Petroleum products and natural gas required for consumption in the country, the percentage of quantity thereof being imported and by when India will become self reliant in this regard; and

(b) the State-wise details of consumption of Petroleum Products and natural gas alongwith the quantity being supplied to them?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI E. PONNUSWAMY): (a) Production, imports and consumption of

†Original notice of the Question was received in Hindi.